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November 4, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Child Support Performance Hearing

The Assembly Budget Subcommittee No. 1 on Health and Human Services and the Assembly Judiciary Committee held an informational hearing on November 2, 2005 on California's child support program performance. The hearing focused on California's performance on child support collections, strategies to increase collections and reduce arrearages, and proposed federal reductions to child support enforcement funds. The Assembly Members attending the hearing were: Hector De La Torre, Chair, Budget Subcommittee; Dave Jones, Chair, Judiciary Committee; and Gene Mullin, Budget Subcommittee Member.

Greta Wallace, Director, California Department of Child Support, provided an overview of the cuts proposed in the House Ways and Means Committee budget reconciliation bill. Assembly Members De La Torre and Jones queried the Director about the Administration's efforts to convey the significant harm that the proposed federal reductions would have on California. Ms. Wallace indicated that no "formal position" has been taken, that estimates of the impact of the proposed cuts on California had been prepared, but they have not been released by the Governor's Office.

Assembly Member De La Torre urged the Administration to immediately communicate its opposition to the proposed reductions to key members of Congress. The Committee Members also requested the Administration to provide copies of any documents given

to Federal legislators, along with the data used to determine the loss of federal funding to California.

Director Wallace continued her testimony to noting that California's child support collections have improved overall, and that she expects collections to further increase once California's child support program is fully automated in 2008.

Department of Child Support staff responsible for implementation of the new automated system indicated that accounting changes that are part of the new computer system will have the effect of increasing arrearages and interest costs for non-custodial parents. The Committee members observed that this did not appear to be fair, and requested administrative and statutory options to correct this defect. The Committee also requested that the Administration provide them with county-by-county collections data, and the amounts of arrearages in each county.

The Legislative Analyst's Office (LAO) testified that California lags behind the rest of the nation in current and past due collections, and in cost effectiveness. The LAO also indicated that California ranks last among the ten largest states in those three areas, and it provided the attached document summarizing California's recent Child Support performance. The LAO advised the Committee that they are conducting a study of California's Child Support program which will be released in late 2005 or early 2006.

A representative for the California Child Support Directors Association indicated that counties have indeed made significant progress in performance, despite flat funding levels, and the significant loss of county staff statewide.

Assembly Member De La Torre indicated that another hearing would be held in the near future to further discuss options to increase current child support collections.

Avian Flu Hearing

Today, at UCLA, the Assembly Budget Subcommittee No. 1 on Health and Human Services, and the Assembly Health Committee are convening a hearing entitled, Avian Flu: Is California Prepared? The hearing is expected to address the State's plans for a possible outbreak, and hear from representatives from the California Department of Health Services, local public health departments, and the hospital industry. County Public Health Officer, Dr. Jonathan Fielding, will be a witness at the hearing.

We will continue to keep you advised.

DEJ:GK
MAL:DW:JF:DS:VE:hg

Attachment

Attachment

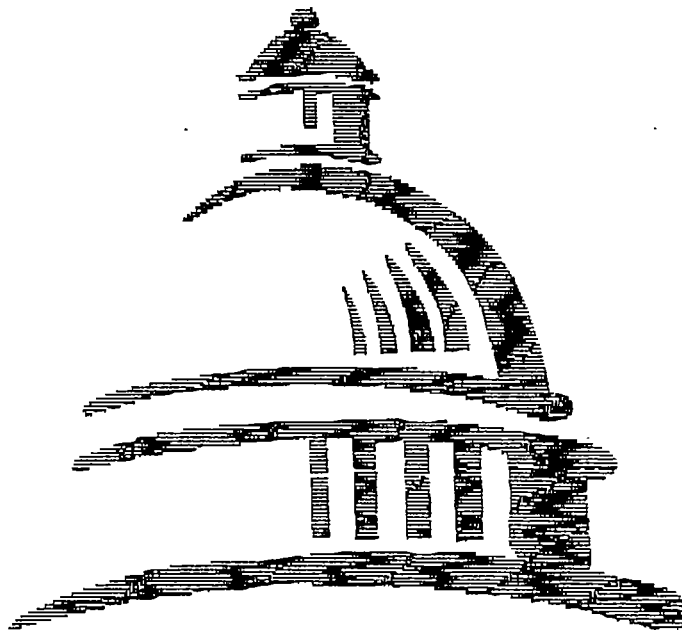


November 2, 2005

Child Support Enforcement: California's Recent Performance

LEGISLATIVE ANALYST'S OFFICE

Presented To:
Assembly Budget Subcommittee No. 1 on
Health and Human Services and
Assembly Judiciary Committee

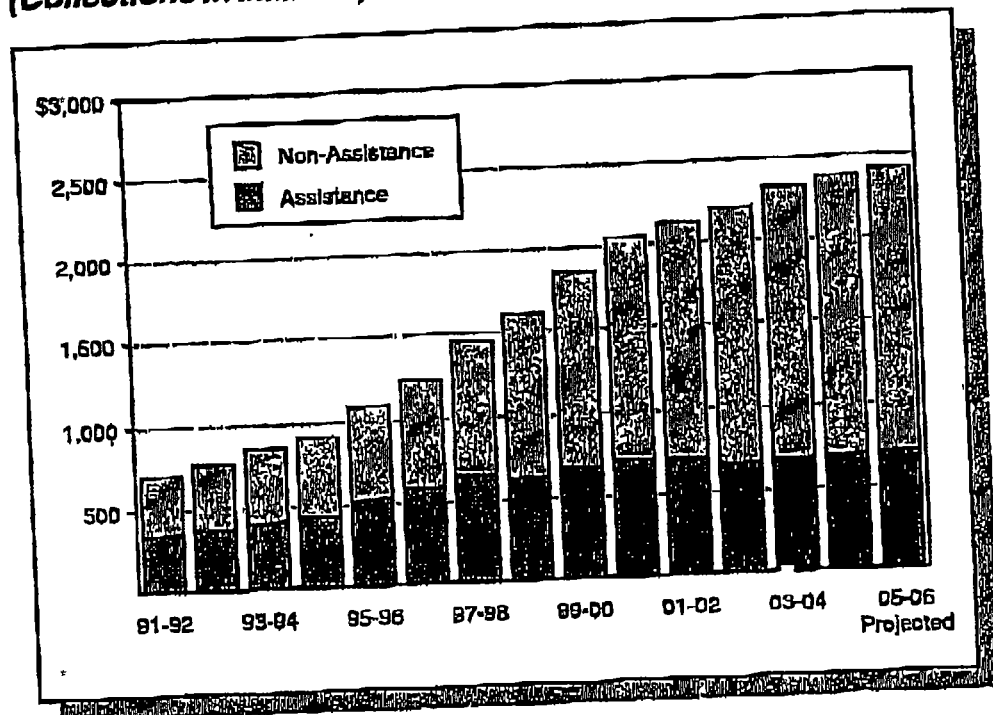


November 2, 2005



Total Child Support Collections: Assistance Versus Nonassistance

(Collections in Millions)

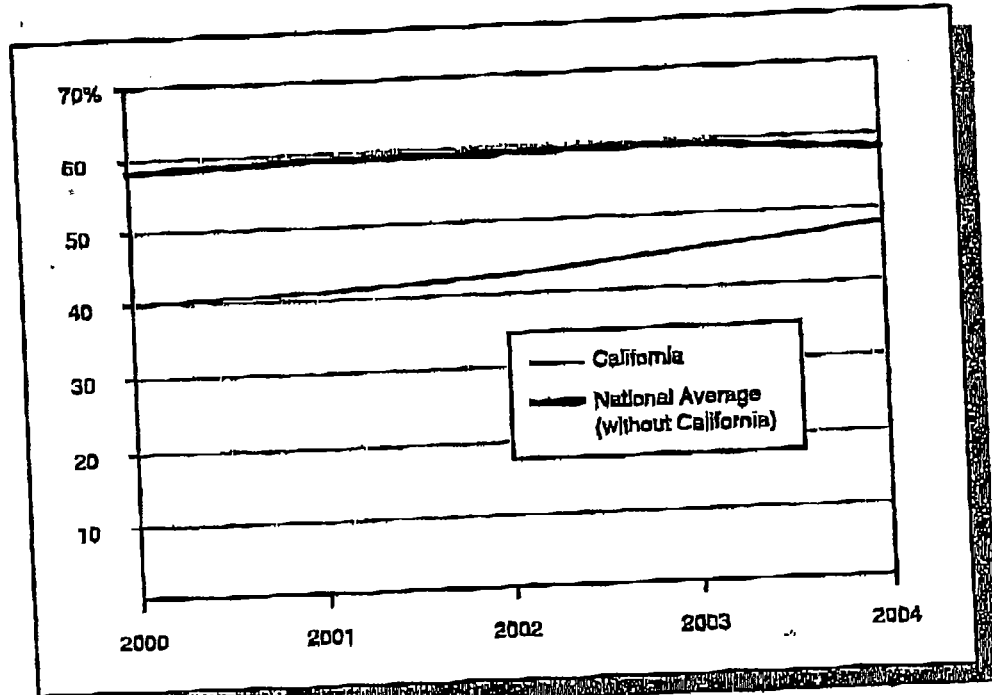


- The primary purpose of the child support enforcement program is to collect from absent parents support payments for custodial parents and their children.
- Child support is collected for families that have received cash assistance payments through the California Work Opportunity and Responsibility to Kids program (assistance cases) and for families that have never received cash assistance (nonassistance cases).
- California's total child support collections have been increasing for many years, especially on behalf of nonassistance cases.

November 2, 2005



Collections on Current Child Support Orders



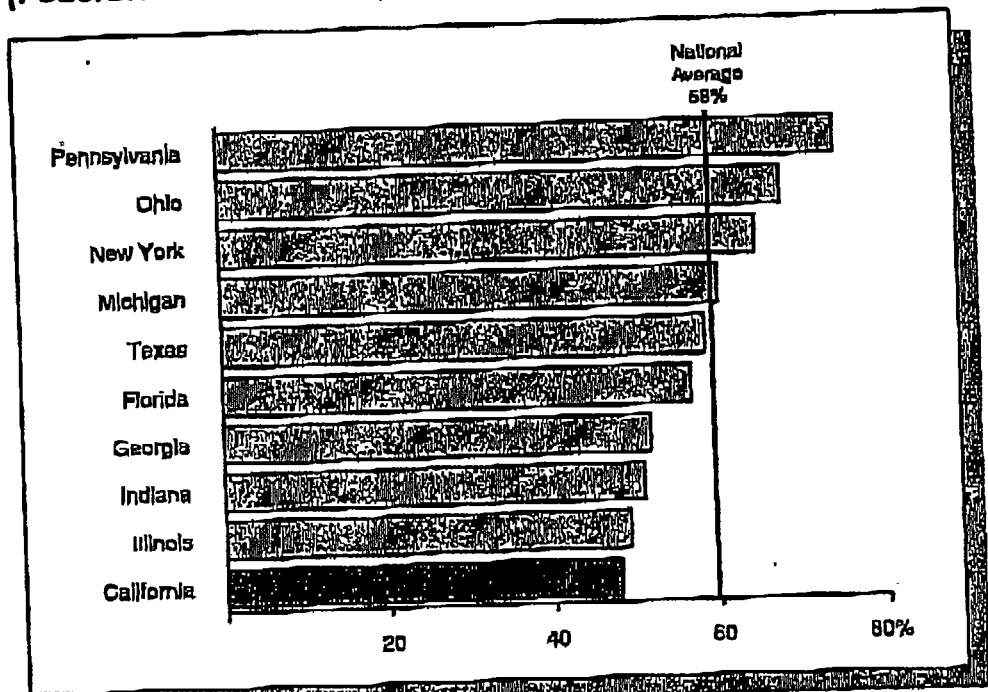
- The federal government requires a minimum of 40 percent of current child support to be collected.
- Although above the federal minimum, California lags the rest of the nation in collecting current child support.

November 2, 2005



Child Support Performance— Collection of Current Child Support Ten Largest States

(Federal Fiscal Year 2004)

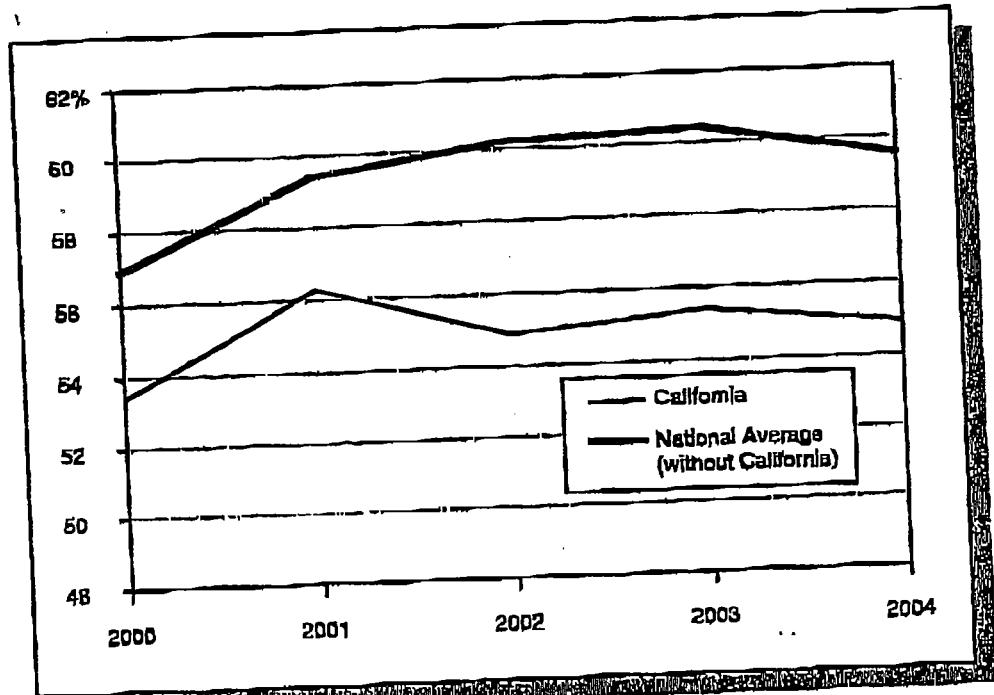


- In federal fiscal year (FFY) 2004, California increased collections on current support to 48 percent.
- However, California ranks last among the ten largest states in terms of collections on current support.

November 2, 2005



Collections on Past Due Child Support



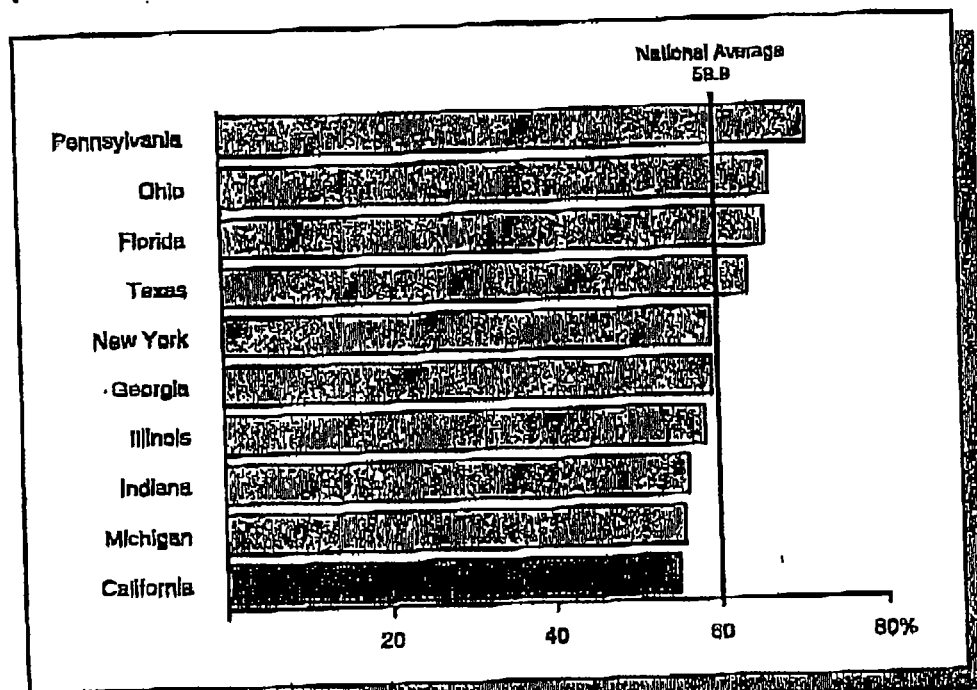
- Performance on past due child support is measured in terms of the percentage of families that have some or all of their past due child support collected during the year. The federal minimum requirement is to have annual collections in 40 percent of cases with child support arrearages.
- Over 1.2 million families have not been paid all the child support they are owed. California is collecting some of that past due amount for about 55 percent of those families.
- As the figure shows, California lags the nation in terms of past due child support collections.

November 2, 2005



Child Support Performance—Cases With Collections of Past Due Support Ten Largest States

(Federal Fiscal Year 2004)



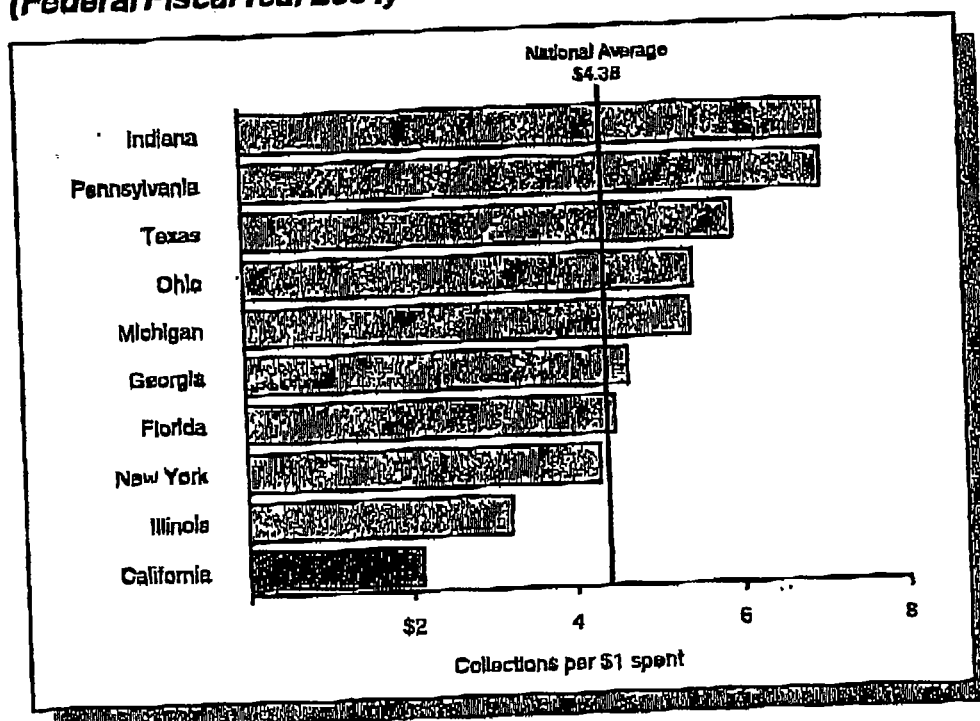
- For FFY 2004, California ranks last among the ten largest states in terms of past due child support collections.
- This represents a decline from 2003, when California ranked eighth among the ten largest states.

November 2, 2005



Child Support Performance— Cost-Effectiveness Ten Largest States

(Federal Fiscal Year 2004)

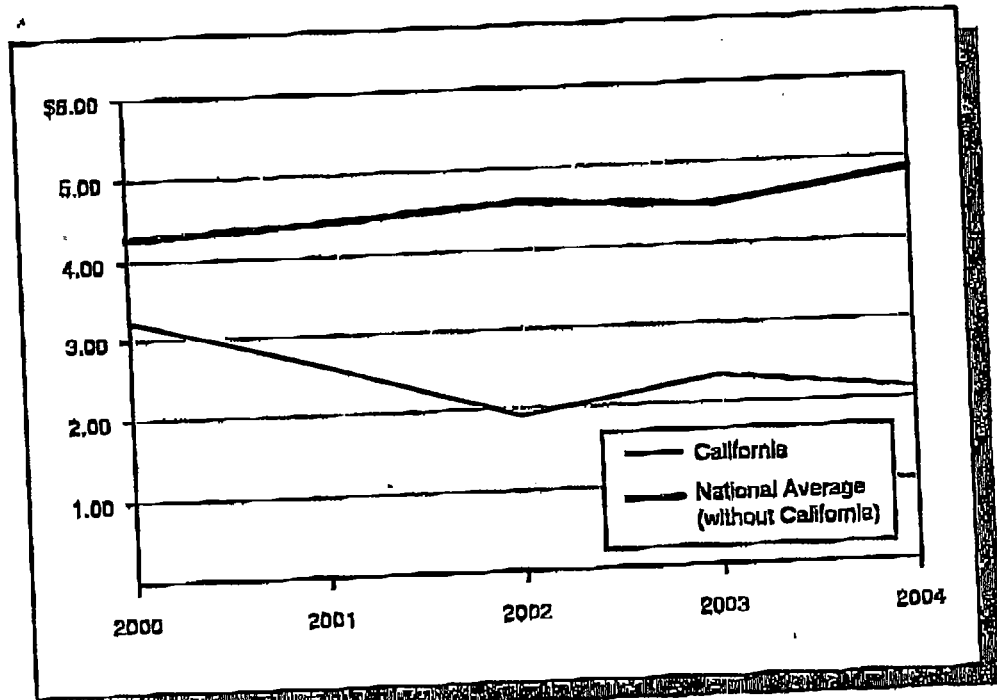


- Cost-effectiveness is defined as the total amount of child support collected divided by the total cost of the program. The federal minimum is \$2 collected for every dollar invested in the program.
- In 2004, California collected \$2.12 for every dollar invested in the program.
- Compared to the ten largest states, California ranks last in terms of cost-effectiveness.

November 2, 2005



Child Support Cost-Effectiveness Over Time



- The reduction in cost-effectiveness in 2004 is in part due to increasing costs for child support automation (which are generally not occurring in other states).
- Nevertheless, California's cost-effectiveness was well below the rest of the nation even before the state was making substantial investments in automation.